

Unofficial Translation

BANK INDONESIA REGULATION
NUMBER 8/20/PBI/2006
CONCERNING
TRANSPARENCY OF FINANCIAL CONDITION
OF RURAL BANKS

THE GOVERNOR OF BANK INDONESIA,

- Considering :
- a. whereas based on Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, Rural Banks are required to announce their financial reports in the time and form as stipulated by Bank Indonesia;
 - b. whereas in the framework of Rural Bank's financial transparency and performance condition, it is necessary to inform accurate and reliable financial condition and other information to the public regularly;
 - c. whereas prevailing Rural Bank Annual Financial Report and Condensed Financial Statement have not been fully compiled based on applicable Statements of Financial Accounting

Standard; ...

Standard;

- d. whereas therefore, it is deemed necessary to improve stipulations on Annual Financial Report and Condensed Financial Statement of Rural Banks in a Bank Indonesia Regulation concerning Transparency of Financial Condition of Rural Banks;

In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement of the State Gazette of the Republic Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement of the State Gazette of the Republic of Indonesia Number 3790);

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357).

HAS DECREED : ...

HAS DECREED :

To enact : BANK INDONESIA REGULATION ON TRANSPARENCY
OF FINANCIAL CONDITION OF RURAL BANKS.

CHAPTER I

GENERAL PROVISIONS

Article 1

Terminologies used in this Bank Indonesia Regulation are defined as follows.

1. “Rural Bank”, hereinafter referred to as BPR, is a Rural Bank as defined in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 conducting business on conventional basis.
2. “Annual Report” is a comprehensive report on a BPR’s performance in the period of one year containing Annual Financial Report and general information.
3. “Annual Financial Report” is a BPR’s end-year financial report which is compiled based on applicable financial accounting standard.
4. “Condensed Financial Statement” is a BPR’s financial report which is compiled based on applicable a financial accounting standard and published quarterly in accordance with Bank Indonesia stipulation.

5. “Reporting ...

5. “Public Accountant” is an accountant holding license from the Minister of Finance to conduct activities in the provision of auditing services.
6. “Reporting Year” is a calendar year or the year beginning from January to December.
7. “Management Letter” is a Public Accountant’s written comment to bank management on the result of reexamination on the internal control structure, implementation of financial accounting standards, or other problems found in the audit, as well as suggestions for improvement.

Article 2

In the framework of transparency of financial condition, BPR is required to compile and present financial report in the form and coverage as stipulated in this Bank Indonesia Regulation, including :

- a. Annual Report; and
- b. Condensed Financial Statement.

CHAPTER II

ANNUAL REPORT AND ANNUAL FINANCIAL REPORT

Article 3

- (1) BPR is required to submit Annual Report to Bank Indonesia as referred to in Article 2 letter a.

(2) Annual ...

- (2) Annual Financial Report submitted in the Annual Report as referred to in paragraph (1) must be compiled for 1 (one) reporting year and presented as compared to 1 (one) previous reporting year.

Article 4

- (1) For BPR with a total assets of Rp10,000,000,000.00 (ten billion rupiah) or more, the Annual Financial Report submitted shall be audited by Public Accountant.
- (2) For BPR with a total assets of less than Rp10,000,000,000.00 (ten billion rupiah), the Annual Financial Report submitted in the Annual Report is an Annual Financial Report for which the Board of Directors or the Management has been accounted to the Shareholder General Meeting or Member Meeting.
- (3) In the event that the BPR Annual Financial Report as referred to in paragraph (2) is audited by Public Accountant, the Annual Financial Report to be submitted is the audited Annual Financial Report.

Article 5

- (1) The Annual Report as referred to in Article 4 paragraph (1) and paragraph (3) shall be submitted to Bank Indonesia by no later than the end of April in the following year.

(2) The Annual ...

- (2) The Annual Report as referred to in Article 4 paragraph (2) shall be submitted to Bank Indonesia by no later than the end of February in the following year.

Article 6

- (1) BPR shall be declared that it is late in submitting Annual Report if it submits Annual Report to Bank Indonesia surpassing the deadline of report submission as referred to in Article 5 but has not surpassed 1 (one) month since the deadline of the report submission.
- (2) BPR shall be declared that it has not submitted Annual Report if it has not submitted Annual Report in the period of time of delay as referred to in paragraph (1).
- (3) BPR which has submitted Annual Report but not agree with the form and method as referred to in this Bank Indonesia Regulation shall be declared that it has not submitted Annual Report.

CHAPTER III

CONDENSED FINANCIAL STATEMENT

Article 7

- (1) BPR is required to announce Condensed Financial Statement quarterly for the reporting position of end of March, June, September, and December in

accordance ...

accordance with the form and method stipulated by Bank Indonesia.

- (2) Condensed Financial Statement as referred to in paragraph (1) covers financial report and other information.
- (3) Condensed Financial Statement as referred to in paragraph (1) shall be presented as compared to the report of the same position in the previous year.

Article 8

- (1) Condensed Financial Statement as referred to in Article 7 paragraph (1) shall be published in local newspaper or stuck on information board in the concerned BPR office.
- (2) Condensed Financial Statement as referred to in paragraph (1) shall be announced by no later than :
 - a. 1 (one) month after the end of the reporting month for financial reports of the position ending March, June, and September;
 - b. 2 (two) months after the end of reporting month for financial report of the position ending December which is not audited by Public Accountant;
 - c. 4 (four) months after the end of reporting month for financial report of the position ending December which is audited by Public Accountant.

Article 9

- (1) BPR shall be declared that it is late in announcing Condensed Financial

Statement ...

Statement if it announces the Condensed Financial Statement surpassing the deadline of report announcement as referred to in Article 8 paragraph (2) but it has not surpassed 1 (one) month after the deadline of the announcement.

- (2) BPR shall be declared that it has not announced Condensed Financial Statement if it has not announced the Condensed Financial Statement in the period of time of delay as referred to in paragraph (1).
- (3) BPR which has announced Condensed Financial Statement but not in accordance with the form and method as referred to in this Bank Indonesia Regulation shall be declared that it has not announced Condensed Financial Statement.

Article 10

- (1) Condensed Financial Statement as referred to in Article 7 shall be approved and signed up in clear name by any of the members of BPR Board of Directors.
- (2) In the event that the Board of Directors are in hindered condition, Condensed Financial Statement shall be approved and signed up in clear name by any official with an authority given by the Board of Directors.
- (3) For BPR of which financial report is audited by Public Accountant, in addition to the compliance with stipulation as referred to in paragraph (1), Condensed Financial Statement as of the end of December shall also include

the name ...

the name of Public Accountant as the partner in charge and the name of the Public Accountant Office which audits Annual Financial Report.

Article 11

- (1) BPR is required to submit to Bank Indonesia :
 - a. newspapers clipping containing Condensed Financial Statement or photocopy of Condensed Financial Statement which is stuck on information board by no later than 14 (fourteen) days after the deadline of announcement as referred to in Article 8 paragraph (2); and
 - b. record of Condensed Financial Statement data by on-line through Bank Indonesia extranet facility or other technological means or by off-line in diskette or compact disk by no later than the 14th (fourteenth) of the month after the deadline of announcement as referred to in Article 8 paragraph (2).
- (2) The compliance with obligation to submit record of BPR Condensed Financial Statement data as referred to in paragraph (1) letter b refers to applicable Bank Indonesia stipulations on BPR Monthly Report.

Article 12

- (1) BPR shall be declared that it is late in submitting newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data to Bank Indonesia if it submits newspaper clipping

or photocopy ...

or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data surpassing the deadline of submission as referred to in Article 11 paragraph (1) but has not surpassed 1 (one) month since the deadline of submission.

- (2) BPR shall be declared that it has not submitted newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data if it has not submitted newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data in the period of time of delay as referred to in paragraph (1).
- (3) BPR which has submitted newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data but not in accordance with the form and method as referred to in this Bank Indonesia Regulation shall be declared that it has not submitted newspapers clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data.

CHAPTER IV
RELATION OF BPR, PUBLIC ACCOUNTANT,
AND BANK INDONESIA

Article 13

- (1) In assigning audit on Condensed Financial Statement as referred to in Article 4, BPR shall appoint Public Accountant and Public Accountant Office registered in Bank Indonesia.
- (2) Public Accountant and Public Accountant Office as referred to in paragraph (1) are prohibited to have affiliation with the BPR.
- (3) Assignment or appointment of a same Public Accountant and Public Accountant Office by BPR is exercised for a maximum of 3 (three) consecutive reporting year period.
- (4) The accounting of 3 (three) consecutive reporting year period as referred to in paragraph (3) shall be effective since the enactment of this Bank Indonesia Regulation.

Article 14

- (1) Appointment of Public Accountant and Public Accountant Office in auditing BPR Annual Financial Report shall be based on a work contract.
- (2) The work contract between BPR and Public Accountant Office as referred to in paragraph (1) at least covers :
 - a. name of Public Accountant Office;

b. Public ...

- b. Public Accountant to be partner in charge;
 - c. Public Accountant's obligation to conduct audit in accordance with the Professional Standards for Public Accountant;
 - d. coverage of audit;
 - e. duration of audit;
 - f. BPR's permit to Public Accountant Office and Public Accountant Office's obligation to submit directly to Bank Indonesia :
 - 1) audit report;
 - 2) Management Letter;
 - 3) information needed by Bank Indonesia from Public Accountant anytime if necessary; and
 - 4) information as referred to in Article 16 letter b.
 - g. Public Accountant's obligation to inform to Bank Indonesia prior to the implementation of audit.
- (3) Audit report and Management Letter as referred to in paragraph (2) letter f number 1 and number 2 shall be submitted to Bank Indonesia by no later than 4 (four) months after the concerned reporting year.
- (4) Coverage of audit as referred to in paragraph (2) letter d at least covers :
- a. classification of earning assets quality and adequacy of allowance for earning assets losses established by BPR;

- b. rating on miscellaneous assets includes but not limited to collateral taken over by BPR;
- c. opinion on properness of either transactions with parties which have specific relationship or transactions carried out with specific treatment;
- d. amount and quality of funds provided for related parties;
- e. details of violation of legal lending limit including customer's name, quality of funds provided, and percentage and number of violation of legal lending limit;
- f. calculation of minimum reserve requirement;
- g. reliability of BPR system of reporting to Bank Indonesia and examination on the reliability of reports submitted by BPR to Bank Indonesia; and
- h. other matters stipulated in applicable financial accounting standard and Guidelines for Indonesian Bank Accounting, including records on Financial Report.

Article 15

- (1) Bank Indonesia may raise objection on the appointment of certain Public Accountant and/or Public Accountant Office by BPR.
- (2) Bank Indonesia holds information access into Public Accountant and/or Public Accountant Office although the work contract as referred to in Article 14 paragraph (1) has ended.

Article 16

Public Accountant conducting audit on BPR Annual Financial Report is required to :

- a. conduct audit in accordance with the Professional Standards of Public Accountant, work contract, and the coverage of audit as referred to in Article 14;
- b. inform to Bank Indonesia no later than 7 (seven) working days since the finding of :
 - 1) violation of applicable laws and regulations in financial and banking sector; and
 - 2) condition and expected condition which may endanger BPR business performance.
- c. submit audit report and Management Letter to Bank Indonesia; and
- d. comply with stipulations on bank secrecy as stipulated in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

CHAPTER V

FINANCIAL REPORT ACCOUNTABILITY

Article 17

Annual Financial Report and Condensed Financial Statement are fully under the accountability of the BPR Board of Directors.

CHAPTER VI

SANCTIONS

Article 18

Annual Report

- 1) BPR which is late in submitting Annual Report as referred to in Article 6 paragraph (1) shall be imposed on a sanction in the form of obligation to pay an amount of Rp50,000.00 (fifty thousand rupiah) per working day of lateness.
- 2) BPR which does not submit Annual Report as referred to in Article 6 paragraph (2) shall be imposed on a sanction in the form of obligation to pay an amount of Rp3,000,000.00 (three million rupiah).

Article 19

- (1) In the event that the contents of Annual Report are materially not agree with the real condition and/or not presented in accordance with stipulation in this Bank Indonesia Regulation and/or applicable Statements on Financial Accounting Standard :
 - a. after the concerned BPR is warned by sending a letter of warning 2 (two) times with an interval of 2 (two) weeks for each warning by Bank Indonesia but does not revise the report it shall be imposed on a sanction in the form of obligation to pay an amount of Rp5,000,000.00 (five million rupiah); and

b. the concerned ...

- b. the concerned BPR shall be imposed on an administrative sanction as referred to in Article 52 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, namely by :
 - 1) downgrading of credit value in the computation of bank rating; and/or
 - 2) inclusion of the management and/or shareholder in a list of parties classified fail in fit and proper test on BPR as referred to in applicable Bank Indonesia stipulations.
- (2) If according to Bank Indonesia, BPR Annual Report is materially not agree with the real condition and/or not presented in accordance with stipulation in this Bank Indonesia Regulation and/or applicable Statements of Financial Accounting Standard, in addition to imposition on an administrative sanction as referred to in paragraph (1), either the BPR Board of Commissioners, Board of Directors, employees or other affiliated parties are liable to a criminal sanction as referred to in Article 49 paragraph (1) and Article 50 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

Article 20

Condensed Financial Statement

- (1) BPR which is late to announce Condensed Financial Statement as referred to in Article 9 paragraph (1) shall be imposed on a sanction in the form of

Obligation ...

obligation to pay an amount of Rp50,000.00 (fifty thousand rupiah) per working day of delay.

- (2) BPR which does not announce Condensed Financial Statement as referred to in Article 9 paragraph (2) d shall be imposed on a sanction in the form of obligation to pay an amount of Rp3,000,000.00 (three million rupiah).

Article 21

- (1) BPR which is late in submitting newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data as referred to in Article 12 paragraph (1) shall be imposed on a sanction in the form of obligation to pay an amount of Rp50,000.00 (fifty thousand rupiah) per working day of delay.
- (2) BPR which does not submit newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data as referred to in Article 12 paragraph (2) shall be imposed on a sanction in the form of obligation to pay an amount of Rp3,000,000.00 (three million rupiah).

Article 22

- (1) If according to Bank Indonesia Condensed Financial Statement is materially not agree with the real condition and/or applicable Statements of Financial Accounting Standard :

a. after ...

- a. after the BPR is warned by sending a letter of warning 2 (two) times with an interval of 2 (two) weeks for each warning by Bank Indonesia but BPR does not revise and/or re-announce the concerned report it shall be imposed on a sanction in the form of obligation to pay an amount of Rp5,000,000.00 (five million rupiah); and
 - b. the BPR shall be imposed on an administrative sanction as referred to in Article 52 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, namely by :
 - 1) downgrading on credit value in the computation of bank rating; and/or
 - 2) inclusion of the management and/or shareholder in a list of parties classified fail in fit and proper test on BPR as referred to in applicable Bank Indonesia stipulations.
- (2) If according Bank Indonesia, Condensed Financial Statement is materially not agree with the real condition and/or is not presented in accordance with stipulations in this Bank Indonesia Regulation and/or applicable Statements of Financial Accounting Standard, in addition to the imposition on an administrative sanction as referred to in paragraph (1), either the BPR Board of Commissioners, Board of Directors, employees or other affiliated parties are liable to a criminal sanction as referred to in Article 49 paragraph (1) and Article 50 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

Article 23

Public Accountant and Public Accountant Office

- (1) Public Accountant and/or Public Accountant Office materially violating stipulations as referred to in Article 16 shall be imposed on an administrative sanction as referred to in Article 53 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, namely by :
 - a. withdrawing Public Accountant's name from the list of Public Accountants in Bank Indonesia;
 - b. withdrawing Public Accountant Office's name from the list of Public Accountant Offices in Bank Indonesia if the violation is exercised by 2 (two) Public Accountants of a same Public Accountant Office and acting as partner in charge in auditing BPR; and/or
 - c. proposing competent institution to revoke or cancel business license as a service provider for bank in accordance with applicable stipulations and code of ethics.
- (2) Public Accountant failing to comply with stipulations concerning bank secrecy as referred to in Article 16 letter d, in addition to imposition on an administrative sanction as referred to in paragraph (1), he/she is also liable to a criminal sanction as referred to in Article 47 paragraph (2) Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

CHAPTER VII

MISCELLANEOUS

Article 24

BPR which has been imposed on sanctions as referred to in Article 18, Article 19, Article 20, and Article 21 continues to be required to submit the concerned report in accordance with stipulations contained in this Bank Indonesia Regulation.

Article 25

The imposition on sanction in the form of obligation to pay as referred to in Article 18, Article 19 paragraph (1) letter a, Article 20, Article 21, and Article 22 paragraph (1) letter a shall be executed by transferring or in cash to Bank Indonesia.

CHAPTER VIII

FORCE MAJEURE

Article 26

- (1) BPR experiencing a *force majeure* for more than 1 (one) month in the period of the last month when it should announce and/or submit the report is exempted from the obligation to announce and/or submit the report as referred to in Article 5 paragraph (1) and paragraph (2), Article 7 paragraph (1), and Article 11 paragraph (1).

(2) To obtain ...

- (2) To obtain exemption as referred to in paragraph (1) BPR shall submit a written proposal to Bank Indonesia including explanation of the *force majeure* experienced.
- (3) BPR obtaining exemption as referred to in paragraph (2) is required to announce and/or submit report as referred to in Article 5 paragraph (1) and paragraph (2), Article 7 paragraph (1), and Article 11 paragraph (1) after the BPR re-operates in normal pace.

CHAPTER IX

CONCLUDING PROVISIONS

Article 27

Further provisions concerning Transparency of BPR Financial Condition shall be stipulated in Bank Indonesia Circular Letter.

Article 28

With the enactment of this Bank Indonesia Regulation,

- a. Bank Indonesia Board of Directors Decree Number 27/119/KEP/DIR dated January 25, 1995, concerning Annual Financial Report and Condensed Financial Statement; and
 - b. Bank Indonesia Circular Letter Number 27/5/UPPB dated January 25, 1995, concerning Annual Financial Report and Condensed Financial Statement,
- are revoked and declared no longer valid for BPR.

Article 29 ...

Article 29

This Bank Indonesia Regulation shall not be put into effect for BPR of former Rural Credit Institution (BKD) established under *Staatsblad* Number 357 of 1929 and *Rijksblad* Number 9 of 1937.

Article 30

This Bank Indonesia Regulation shall be in force since Condensed Financial Statement of December 2006 and Annual Financial Report 2006.

Enacted in Jakarta

Dated October 5, 2006

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 77 OF
2006
DPBPR

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER 8/20/PBI/2006
CONCERNING
TRANSPARENCY OF FINANCIAL CONDITION
OF RURAL BANKS

GENERAL REVIEW

Based on Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, Rural Banks are required to announce their financial reports in the form of balance sheet, profit/loss statement, and other forms as stipulated by Bank Indonesia.

To protect interest of the community through the application of a good corporate governance, one of important aspects of which is transparency of financial condition to the public, the announced financial report is expected to be able to protect the interest of depositors, investors, and/or other bank users that finally may improve public trust on the national banking.

In order that information submitted by banks able to provide accurate and reliable information it is necessary to apply an accounting standard and guideline in recording and reporting. In addition, it is necessary that financial report meeting criteria shall be audited by public accountant.

In relation ...

In relation with the obligation of report to be audited by public accountant, it is necessary to stipulate requirements for public accountant capable to audit, coverage of audit, and the communication with Bank Indonesia.

ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

Self-explanatory.

Article 4

Self-explanatory.

Article 5

Self-explanatory.

Article 6

Paragraph (1)

Example :

Annual Report of 2006 which must be audited shall be declared that it is late in submission if it is submitted in the period of May 1 up to May 31, 2007.

Paragraph (2) ...

Paragraph (2)

Example :

Annual Report of 2006 which must be audited shall be declared that it is not submitted if it is submitted after May 31, 2007.

Paragraph (3)

Self-explanatory.

Article 7

Self-explanatory.

Article 8

Paragraph (1)

Local newspaper is a newspaper circulated in the area where BPR is located.

Announcement board shall be put in an easily visible place and announcement shall be easily legible.

If the announcement is stuck on an information board, it shall continue to be displayed until the following Condensed Financial Statement is announced.

Paragraph (2)

Self-explanatory.

Article 9

Paragraph (1)

Example :

For Condensed ...

For Condensed Financial Statement of March 2007, BPR shall be declared that it is late in announcing the Condensed Financial Statement if it announces after April 30 up to May 31, 2007.

Paragraph (2)

Example:

For Condensed Financial Statement of March 2007, BPR shall be declared that it does not announce Condensed Financial Statement if it announces after May 31, 2007.

Paragraph (3)

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Paragraph (1)

Example :

Condensed Financial Statement of March 2007 shall be announced by no later than April 30, 2007.

BPR is further obliged to submit newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data by no later than May 14, 2007.

Paragraph (2)

Included ...

Included in applicable Bank Indonesia stipulations on BPR Monthly Report is BPR's obligation to submit Monthly Report by on-line except for BPR meeting certain criteria to be exempted from Monthly Report submission by on-line.

Article 12

Paragraph (1)

Example :

For Condensed Financial Statement of March 2007, BPR shall be declared that it is late in submitting newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data if it submits after May 14 up to June 14, 2007.

Paragraph (2)

Example :

For Condensed Financial Statement of March 2007, BPR shall be declared that it does not submit newspaper clipping or photocopy of Condensed Financial Statement and/or record of Condensed Financial Statement data if it submits after June 14, 2007.

Paragraph (3)

Self-explanatory.

Article 13

Paragraph (1)

Self-explanatory.

Paragraph (2) ...

Paragraph (2)

Relationship is defined as a relationship in ownership, management, and/or finance as referred to in Bank Indonesia stipulations concerning the Legal Lending Limit for BPR.

Paragraph (3)

This stipulation is aimed at the occurrence of other examination from different party in order to improve profession independence of Public Accountant.

Paragraph (4)

Self-explanatory.

Article 14

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c ...

Letter c

Parties having special relationships are parties as referred to in Statements of Financial Accounting Standard.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Examination on report reliability including examination by Public Accountant on the report submitted to Bank Indonesia has been compiled and in accordance with data in BPR.

Report as referred to in this letter includes BPR monthly report and the legal lending limit.

Letter h

Self-explanatory.

Article 15

Paragraph (1)

Objection in this paragraph means if during audit assignment Bank Indonesia obtains information on the concerned Public Accountant

which ...

which influences smoothness of his/her duty, such as unfavorable track record and/or having affiliation with BPR.

Paragraph (2)

This stipulation is aimed at protecting BPR financial integrity in the framework of supervision by Bank Indonesia.

Article 16

Letter a

Self-explanatory.

Letter b

Condition and/or expectation which may endanger BPR business performance, among other thing, are :

- a. inadequacy of minimum reserve requirement;
- b. material inadequacy of allowance for earning assets losses;
- c. violation of the legal lending limit;
- d. fraud in a material amount.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Article 17

Self-explanatory.

Article 18

Self-explanatory.

Article 19

Paragraph (1)

If a same subject of fault has been imposed on sanction in Condensed Financial Statement, BPR is not imposed on sanction in this paragraph.

Paragraph (2)

Self-explanatory.

Article 20

Self-explanatory.

Article 21

Self-explanatory.

Article 22

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26 ...

Article 26

Paragraph (1)

Force majeure is defined as a condition which evidently causes BPR unable to announce and/or submit report, such as fire, mass riot, war, sabotage, and natural disaster, such as earthquake and flood, which is confirmed by the local authority or official of related institution.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 27

Self-explanatory.

Article 28

Self-explanatory.

Article 29

Self-explanatory.

Article 30

Self-explanatory.